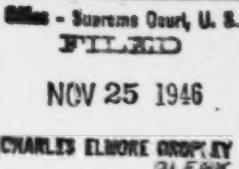


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IN THE

Supreme Court of the United States

OCTOBER TERM, 1946.

No. 717

EDWIN B. H. TOWER, JR.,

Petitioner,

vs.

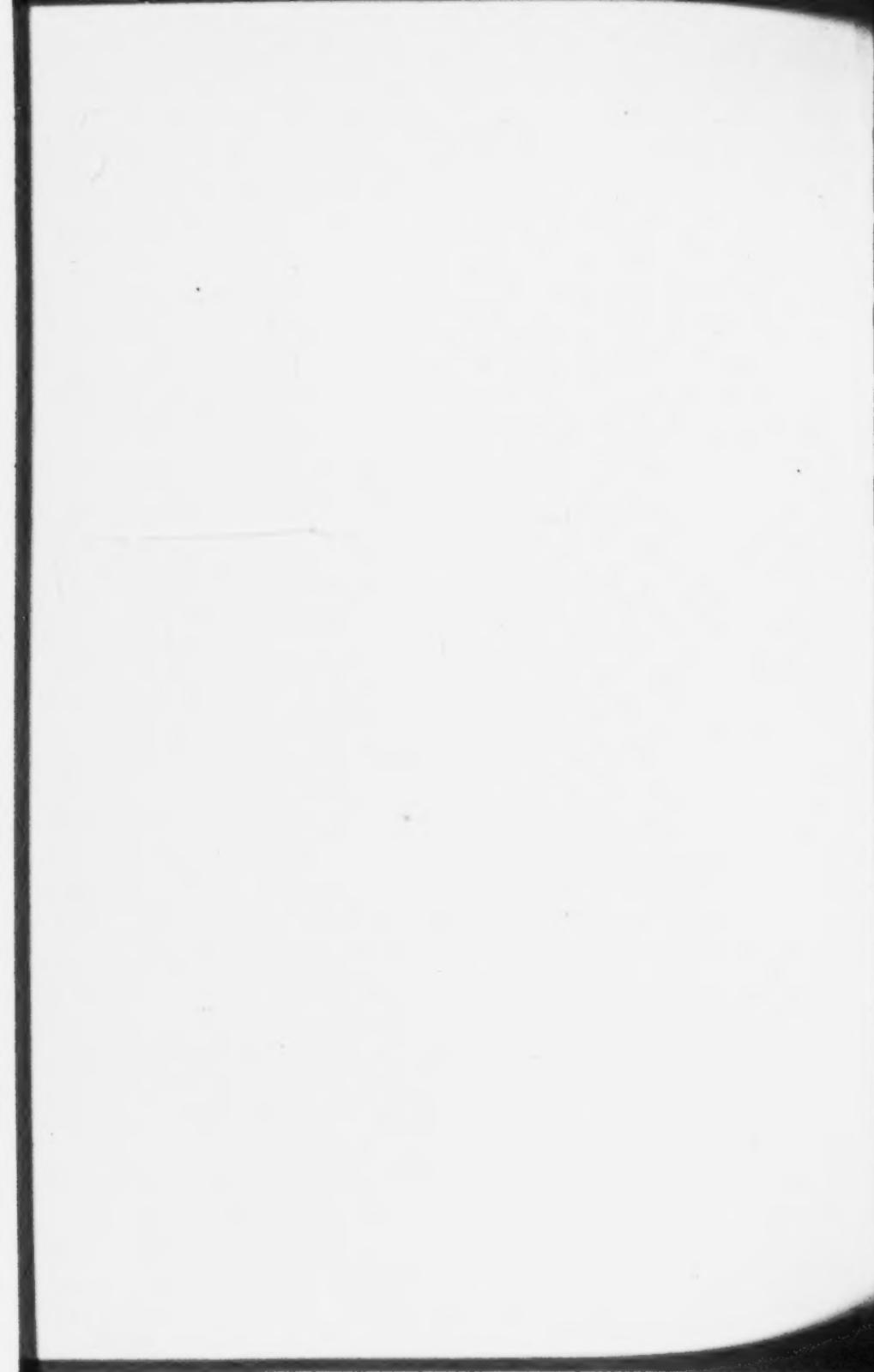
WATER HAMMER ARRESTER CORP.,

Respondent.

**PETITION FOR A WRIT OF CERTIORARI TO THE
UNITED STATES CIRCUIT COURT OF APPEALS
FOR THE SEVENTH CIRCUIT AND BRIEF IN
SUPPORT THEREOF.**

HAROLD OLSEN,

Counsel for Petitioner.



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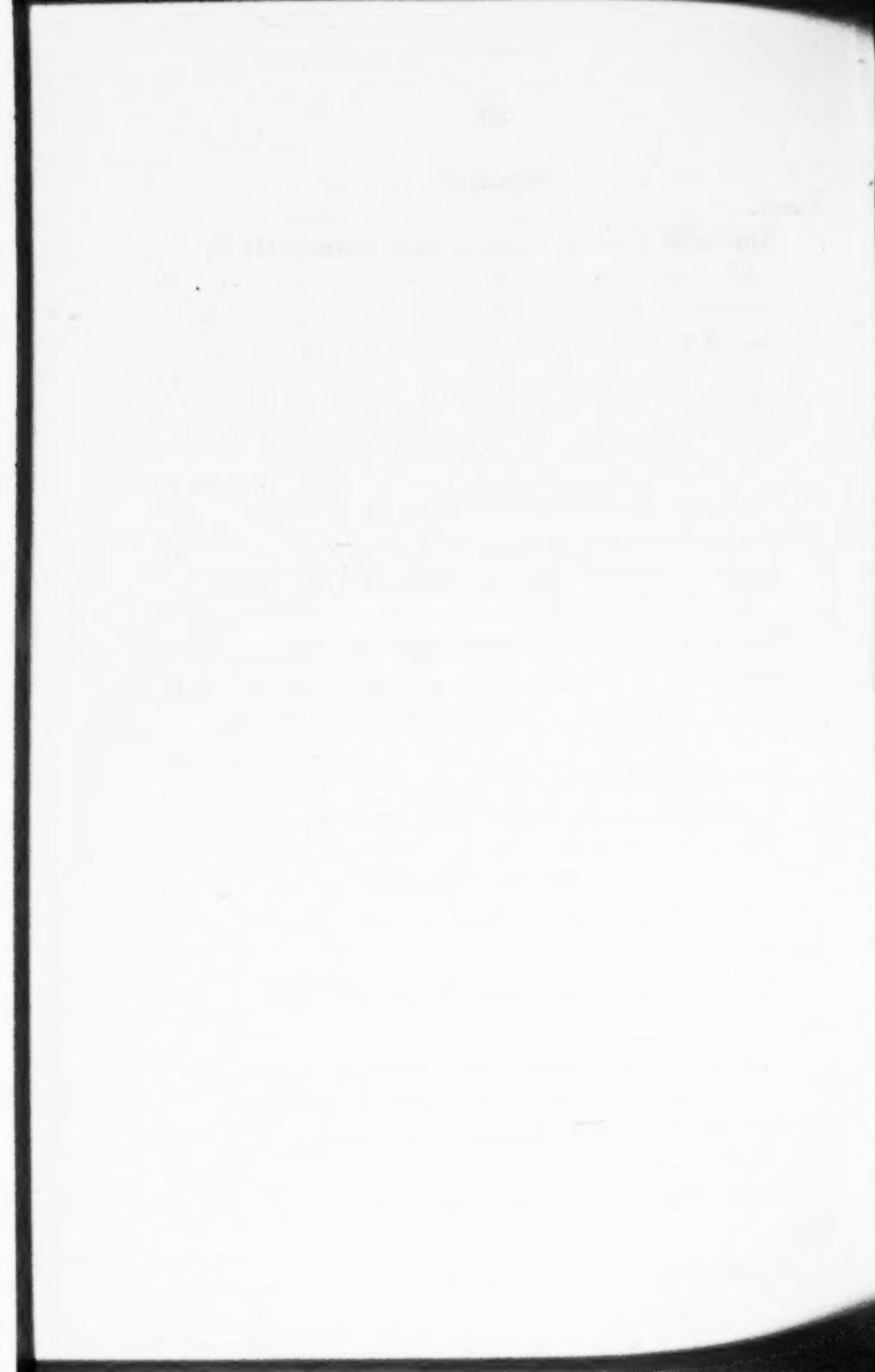
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Respondent.

**PETITION FOR A WRIT OF CERTIORARI TO THE
UNITED STATES CIRCUIT COURT OF APPEALS
FOR THE SEVENTH CIRCUIT AND BRIEF IN
SUPPORT THEREOF.**

PETITION.

*To the Honorable, the Chief Justice, and the Associate
Justices of the Supreme Court of the United States:*

Your petitioner, Edwin B. H. Tower, Jr., respectfully
prays that a writ of certiorari issue to the United States
Circuit Court of Appeals for the Seventh Circuit to review
a judgment of that court entered July 3, 1946 (R. 450)
affirming a judgment of the District Court of the United
States for the Eastern District of Wisconsin (R. 55). A
certified transcript of the record in the case, relevant to

the question presented, including the proceedings in said Circuit Court of Appeals, together with the necessary additional copies thereof, has been filed in compliance with Rule 38 of the rules of this Court.

Summary and Short Statement of the Matter Involved.

Your petitioner seeks a writ of certiorari to resolve a conflict of decisions between circuit courts of appeals upon the question of Federal jurisdiction arising, in the case at bar, from the following circumstances:

Petitioner is the owner of United States Letters Patent No. 2,273,766 for Water Hammer Arresters, granted to him on February 17, 1942. Promptly upon the issuance of the patent, he notified respondent and one of respondent's suppliers that the device shown and described in respondent's "Agent's Manual" infringes said patent and requested respondent to state its attitude regarding the patent.

The only reply to the notice of infringement made by respondent was to file this suit in which it seeks a declaratory judgment respecting the validity and infringement of petitioner's patent. The complaint states that the action "arises out of an actual controversy between the plaintiff and the defendant as to the alleged infringement by plaintiff of United States Letters Patent No. 2,273,766 * * *" (R. 2).

The complaint prays, *inter alia*, "That the court adjudge and declare that the water hammer arresters manufactured and sold by plaintiff, and the use thereof, do not infringe said Letters Patent No. 2,273,766" (R. 10).

The complaint identifies the water hammer arresters made by the respondent as being the same, or substantially the same, as those shown in the drawings, Exhibits

1 and 2, attached to the complaint, and denies that respondent's manufacture and sale of such water hammer arresters is in violation of any legal right of the petitioner under said patent (R. 3).

Petitioner filed answer *admitting* that the water hammer arresters shown in Exhibits 1 and 2 do not infringe his patent nor embody the invention described and claimed therein (R. 14).

Defendant's answer further denies that the complaint is based upon an actual controversy between the parties such as would give the Court jurisdiction to render a declaratory judgment (Par. 3, R. 12; Pars. 7 and 8, R. 14; Par. 11, R. 17).

By said admissions in the answer and the motion to dismiss, hereinafter discussed, petitioner was forever precluded from obtaining any judgment against the respondent respecting the validity of the patent in suit of its infringement by any devices theretofore actually made, used or sold by respondent.

Therefore, petitioner did not assert any counterclaim against the respondent and his only prayer is that the complaint be dismissed.

Prior to trial, petitioner ascertained by a discovery deposition that the respondent had in fact not made or sold any water hammer arresters as described in the "Agent's Manual." The deposition showed that all water hammer arresters made and sold by the respondent were the same as those shown on the drawings, Exhibits 1 and 2, which petitioner had *admitted* in the answer do not infringe.

Thereupon, petitioner moved the trial court, seven days before the commencement of the trial, to dismiss the complaint upon the ground that there was no actual and

justiciable controversy between the parties upon which a judgment could be rendered.

In said motion, petitioner again *admitted* that the respondent had not infringed and absolved the respondent from any charge of infringement (R. 24-25).

Notwithstanding that the prayer for a judgment of noninfringement was completely answered by petitioner's admission of noninfringement, respondent opposed said motion (R. 25) and insisted that it was entitled to a trial upon the sole issue of the validity of the patent, in complete disregard of the lack of controversy on the issue of infringement which is stated in the complaint to give rise to the cause of action.

The reason stated by respondent for its insistence upon a trial on the issue of validity of the patent in suit, is found in an affidavit of respondent's president filed in opposition to petitioner's motion to dismiss wherein it is said:

"It is a fact that plaintiff's predecessor has manufactured water hammer arresters having clearances greater or less than one-sixteenth (1/16) inch, and it may well be that in its future operations the plaintiff corporation may again manufacture such devices."

Thus, it is plain that the respondent was merely seeking an advisory opinion for its guidance in an hypothetical case which might arise in the future if it should change its construction.

The trial court took the motion under consideration and withheld its decision thereon until the day the trial was scheduled to commence. On that date, the court overruled petitioner's motion and ordered the case to be tried (R. 26).

On the issue of validity, the trial court could, under no circumstances, enter a judgment favorable to the petitioner

because in view of petitioner's admission of noninfringement, the court could not hold the patent valid, no matter what the evidence might show. (*Electrical Fittings Corp. v. Betts*, 307 U. S. 241.)

At the conclusion of respondent's case, when it had again been established that respondent had made no water hammer arresters which were not like Exhibits 1 and 2, petitioner renewed his motion to dismiss for lack of jurisdiction, there being no controversy between the parties on the question of infringement, and again the court denied the motion (R. 26).

After trial on the merits, the trial court filed a memorandum opinion (R. 27, *et seq.*), and entered findings of fact and conclusions of law (R. 36, *et seq.*), and a judgment holding petitioner's patent invalid (R. 55).

On the appeal, petitioner urged that the trial court had erred in failing to grant the motion to dismiss for lack of justiciable controversy. The Court of Appeals affirmed (Opinion, R. 595) and entered its judgment affirming that of the District Court.

Because the judgment of the Court of Appeals upon the question of jurisdiction first raised by the petitioner in the District Court, and before the trial of the case, conflicts with the rulings of the Court of Appeals for the Second Circuit upon the same matter, as hereinafter more fully pointed out, petitioner seeks a review by this Court upon that question to the end that it may be definitely settled by a judgment of this Court.

Question Presented.

The single question which the petitioner sees this Court to decide, and which is dispositive of the case, is succinctly stated as follows:

When, in a suit for a declaratory judgment upon a patent in which a judgment of noninfringement is prayed, the defendant, by answer, admits that the plaintiff has not infringed and alleges that there is no justiciable controversy between the parties, and, before trial defendant moves for a dismissal for lack of justiciable controversy and again admits that the plaintiff has not infringed and absolves the plaintiff from any charge of infringement, may the Court, nevertheless, assume jurisdiction to render an advisory opinion on the moot issue of the validity of the patent, merely because plaintiff states that it may in the future change its device?

Reasons Relied Upon for the Grant of a Writ of Certiorari.

The discretionary power of this Court is invoked upon the following grounds:

(1) The decision of the Court of Appeals for the Seventh Circuit holding that the District Court had jurisdiction to adjudicate the validity of a patent in the absence of an actual controversy on the question of infringement is in direct conflict with the following decisions of the Court of Appeals for the Second Circuit upon the same matter:

McCurrach v. Cheney, 152 F. (2) 365.

Cover v. Schwartz, 133 F. (2) 541 (Cert. den. 319 U. S. 748).

Larson v. General Motors, 134 F. (2) 450 (Cert. den. 319 U. S. 762).

(2) The Court of Appeals has decided an important question of Federal law which has not been, but should be, settled by this Court.

WHEREFORE, your petitioner respectfully prays that a writ of certiorari be issued out of and under the seal of this Court directed to the United States Circuit Court of Appeals for the Seventh Judicial Circuit, commanding said Court to certify and send to this Court, on a day to be designated, a full transcript of the record, relevant to the issue raised by this petition, and all proceedings in the Court of Appeals had in this case, to the end that this case may be reviewed and determined by this Court; that the judgment of the Court of Appeals for the Seventh Circuit be reversed, and that petitioner be granted such other and further relief as may to this Court seem proper.

HAROLD OLSEN,
Counsel for Petitioner.

Dated: Chicago, Illinois, November ..., 1946.

BRIEF IN SUPPORT OF PETITION FOR
CERTIORARI.

The Opinions of the Courts Below.

The opinion of the District Court is reported in 66 F. Supp. 732 and is included in the record at pages 27 to 36.

The opinion of the Circuit Court of Appeals is reported in 156 F. (2) 775 and is included in the record at pages 599 to 610.

~~440~~ 450

Jurisdiction.

The grounds of jurisdiction are:

1. The date of the judgment to be reviewed is July 3, 1946 (~~R. 610~~). Rehearing was denied August 31, 1946 (R. 613). ~~453~~

2. The statute under which the jurisdiction is invoked is § 240-A of the Judicial Code, 28 U.S.C. § 347, as amended by the Act of February 13, 1925.

3. Cases believed to sustain the jurisdiction of this Court to entertain this petition and grant the writ, are:

Electrical Fittings Corp. v. Betts, 307 U. S. 241.

Altvater v. Freeman, 319 U. S. 359.

and the provision of Rule 38, paragraph 5(b) of the rules of this Court.

Statement of the Case.

The facts are sufficiently stated in the petition.

Specification of Error.

The error which petitioner will urge, if the writ of certiorari be granted, is that the Circuit Court of Appeals for the Seventh Circuit erred:

In affirming the District Court's order overruling petitioner's motion, made before trial, to dismiss the case for lack of actual controversy, in which motion petitioner expressly admitted that the respondent had not infringed and thereby terminated any actual and justiciable controversy between the parties.

Summary of the Argument.

The points of the argument follow the question presented and are stated in the index hereto. For the sake of brevity, they are omitted at this point.

ARGUMENT.**Point I.**

When, in a suit for a declaratory judgment upon a patent in which a judgment of noninfringement is prayed, the defendant, by answer, admits that the plaintiff has not infringed and alleges that there is no justiciable controversy between the parties, and, before trial defendant moves for a dismissal for lack of justiciable controversy and again admits that the plaintiff has not infringed and absolves the plaintiff from any charge of infringement, the Court may not assume jurisdiction to render an advisory opinion on the moot issue of the validity of the patent, merely because plaintiff states that it may in the future change its device.

In a patent case, just as in all other types of cases, a controversy is created when a party possessed of a right asserts that his right is being violated, or is threatened with violation, by another (*U. S. v. West Virginia*, 295 U. S. 463).

In the case at bar, a notice of infringement had been sent by the petitioner to the respondent which was based upon a description in respondent's "Agent's Manual."

When petitioner ascertained that what he had assumed to be a description of the invention of the patent in suit was in fact not such, he expressly conceded that the devices actually made, used and sold by the respondent do not infringe the patent, and expressly absolved the respondent from any charge of infringement.

This the petitioner did by his answer and, again, a week before the trial of the case in a motion to dismiss

upon the ground that there was no actual and justiciable controversy between the parties.

The trial court withheld its decision on the motion until the day fixed for the opening of the trial and on that date the motion was overruled without opinion.

The reason for the denial of said motion is set out in the opinion of the District Court filed after the trial on the merits (R. 27-36) wherein the Court says (R. 34):

"If the defendant were permitted to change his mind on the question of infringement after this action was commenced, and avoid a judgment on the issue of validity, nothing would prevent a switch again to the conclusion plaintiff was infringing after the action was dismissed."

In so holding, the trial court overlooked the fact that if the judgment of dismissal as prayed by the petitioner had been granted upon the ground stated in the motion, such judgment would have constituted an estoppel by judgment against the petitioner from ever asserting that the devices theretofore made by the respondent infringed his patent.

Petitioner's written admission of noninfringement would forever conclusively "prevent a switch again to the conclusion plaintiff was infringing after the action was dismissed."

It has been held by this Court (*U. S. v. Alaska Steamship Co.*, 253 U. S. 113) that when a controversy comes to an end, either by act of one of the parties or by operation of law, a Federal court has no jurisdiction to proceed to try any other issues in the case which are thereby rendered moot.

Under the Constitution, Art. III, Sec. 2, Federal courts are given jurisdiction only in cases and controversies. The Declaratory Judgments Act, Judicial Code § 274d, 28 U.S.C. § 400, limits the jurisdiction of the Federal Courts

to grant declaratory judgments to cases of actual controversy. This Court has held (*Altwater v. Freeman*, 319 U. S. 359) that the requirements of case or controversy are no less strict in actions under the Declaratory Judgments Act than in the case of other suits.

This is a suit for a declaratory judgment upon a patent in which the cause of action is said to arise out of an actual controversy between the parties respecting the question of infringement of the patent in suit. When, in the answer and by motion before trial, petitioner admitted that the respondent had not infringed, the whole basis for the action failed and there was nothing left within the jurisdiction of the Court for adjudication.

Point II.

In proceeding with the trial of this case after petitioner's admission of noninfringement, the trial court refused to follow the mandate of the Act of March 3, 1875, 28 U. S. C. § 80.

The Act of March 3, 1875, 28 U.S.C. § 80, provides in part as follows:

"If in any suit commenced in a district court, * * * it shall appear to the satisfaction of said district court, at any time after such suit has been brought * * * that such suit does not really and substantially involve a dispute or controversy properly within the jurisdiction of said district court, * * * the said district court shall proceed no further therein, but shall dismiss the suit * * *."

This statute makes it mandatory upon the Federal courts to proceed no further but to dismiss any action in which it is apparent that there is no actual controversy between the parties.

When petitioner admitted that the respondent had not

infringed and moved to dismiss the complaint on the ground that there was no actual and justiciable controversy between the parties of which a Federal court could take cognizance, he was, in effect, asking the court to obey the foregoing statutory provision.

The parties to this action are citizens of the same state, Wisconsin. A Federal Court would be without jurisdiction to grant the general equitable relief prayed for because the asserted basis therefor does not make a case arising under the patent laws. *Becher v. Contoure Laboratories, Inc.*, 279 U. S. 388.

To the extent that the complaint alleges that the patent in suit was obtained by a fraudulent misrepresentation, only the United States can prosecute an action to annul or void the patent. *U. S. v. American Bell Tel. Co.*, 128 U. S. 315; *U. S. v. American Bell Tel. Co.*, 159 U. S. 548; *Briggs v. United Shoe Mchy. Co.*, 239 U. S. 48.

Point III.

The decision of the Court of Appeals in this case is in direct conflict with a number of decisions upon the same matter by the Court of Appeals for the Second Circuit.

In *McCurrach v. Cheney Bros.*, 152 F. (2) 365, the Court of Appeals for the Second Circuit held that in a declaratory judgment case upon a patent, defendant's express disclaimer of infringement made upon the trial, left the Court no room to enter a declaratory judgment of invalidity (152 F. (2) 367).

The cited case was a patent infringement suit in which, by amendment, the plaintiff sought a declaratory judgment that a patent owned by the defendant was invalid and not infringed by the plaintiff's construction. On the trial, the President of the defendant corporation admitted

that the plaintiff had not infringed and that he did not charge the plaintiff with infringement. Thereupon, the trial court held that there was no such actual controversy between the parties, in the Constitutional sense, as would give the Court jurisdiction and it dismissed the petition for declaratory judgment (59 F. Supp. 234, 245). This was affirmed by the Court of Appeals.

In its decision, the Court of Appeals cited as authority its earlier decision in *Cover v. Schwartz*, 133 F. (2) 541. It is plain, therefore, that in using the expression "no room to enter a declaratory judgment" the Court of Appeals meant that there was no jurisdiction to do so.

The case of *Cover v. Schwartz*, 133 F. (2) 541, cited by the Court of Appeals for the Second Circuit in *McCurrach v. Cheney* was an earlier decision of that Court in which it held that in an infringement suit the Court lost jurisdiction upon the plaintiff's admission of noninfringement. *Cover v. Schwartz* was a patent infringement suit tried in the District Court upon the usual issues of validity and infringement. The District Court held the patent invalid and not infringed. The plaintiff appealed, setting up as error that the District Court failed to hold the patent valid and infringed. However, in the brief and on oral argument in the Court of Appeals, plaintiff's counsel stated that he took no issue with the trial court's holding of noninfringement. Thereupon the Court of Appeals held that there was no longer any case or controversy in the Constitutional sense which could give the Court jurisdiction to hear and determine the appeal and the appeal was dismissed for lack of jurisdiction.

This Court denied certiorari in 319 U. S. 748.

In *Larson v. General Motors*, 40 F. Supp. 570, the plaintiff, at the trial, conceded that the defendant had not infringed and consented to a judgment dismissing his bill upon the ground of noninfringement. The trial court

nevertheless proceeded to pass upon the issue of validity and held the patent invalid. On the appeal the holding of invalidity was specifically reversed by the Court of Appeals (134 F. (2) 450).

The decisions of the Court of Appeals for the Second Circuit have been followed as recently as March 4, 1946 by the District Court for the Southern District of New York in *Myerson v. Dentists Supply Co.*, 66 F. Supp. 31. In that case the plaintiff withdrew the charge of infringement as to one of the patents in suit as late as in the reply brief filed after trial (66 F. Supp. 37, Finding 18). The issue of infringement having thus been disposed of by the plaintiff's concession of noninfringement, the defendant, nevertheless, urged the District Court to adjudicate the issue of validity of said patent. The District Court refused stating (66 F. Supp. 46):

"I apprehend, however, that upon the plaintiff's withdrawal of the charge of infringement no case or controversy within Art. III, Sec. 2 of the Constitution remains, and that the only action open to the court is to order a dismissal as to this patent. The doctrine of *Cover v. Schwartz*, 2 Cir., 133 F. 2d 541, certiorari denied 319 U. S. 748, 63 S. Ct. 1158, 87 L. Ed. 1703, is applicable to the situation here."

It is apparent, therefore, that there is a direct conflict between the decision of the Circuit Court of Appeals for the Seventh Circuit in the case at bar and the decisions of the Court of Appeals for the Second Circuit in the cases above cited.

The cases cited by the Court of Appeals in its opinion in this case (R. 604) do not support its conclusion.

Maryland Casualty Co. v. Pacific Coal & Oil Co., 312 U. S. 270, states that a controversy over which a Federal Court can take jurisdiction must be real and substantial.

Altwater v. Freeman, 319 U. S. 359, was a patent case

in which this Court specifically found a controversy to exist between the parties and that it was, therefore, improper for the Court below to dismiss the defendant's counterclaim.

Allegheny Steel & Brass Corp. v. Elting, 141 F. (2) 148 is a decision by the Court of Appeals for the Seventh Circuit holding that the District Court had jurisdiction to pass upon validity where the charge of infringement was not withdrawn until after the trial had been completed and the case submitted to the District Court for decision.

Conclusion.

The question here presented has not been passed upon by this Court. It is an important question of Federal law which, we submit, should be set at rest by a decision of this Court.

It is respectfully submitted that for the reasons herein stated the Court should grant this petition for a writ of certiorari, and that it should take the case up for review and reverse the decision of the Circuit Court of Appeals on the question of jurisdiction here presented, and remand the case to the District Court for entry of an order dismissing the complaint.

Respectfully submitted,

HAROLD OLSEN,
Counsel for Petitioner.

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CHARLES ELMORE GRUPPEY
CLERK

Supreme Court of the United States

OCTOBER TERM, 1946.

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Petitioner,

vs.

WATER HAMMER ARRESTER CORP.,

Respondent.

PETITIONER'S REPLY.

Respondent's so-called "Restatement of the Facts" is not a "restatement" nor is it "*of the facts.*" All the facts necessary to a consideration of the simple question presented by the petition are adequately set forth in the petition. We are confident that this Court will not be prejudiced in its consideration of that question by any such unwarranted innovation by the respondent.

The argument that the decision of the courts below upon the merits supports the jurisdiction of those courts to make that decision is but the common fallacy known as "begging the question."

Both parties being citizens of Wisconsin, the District Court usurped the function of the courts of that State when it attempted to grant relief upon a claim arising out of an alleged breach of the attorney-client relationship.

To seek a declaration that a patent is void because obtained by fraud is a function of the Attorney General of the United States which cannot be usurped by a private party.

**Respondent Does Not Distinguish the Case at Bar From
McCurrach v. Cheney But Only Emphasizes the Existence of Conflict.**

Respondent vainly attempts to make it appear that there is no conflict between the decision in this case and the decision of the Court of Appeals for the Second Circuit in *McCurrach v. Cheney* (Respondent's Brief, p. 12, *et seq.*)

First, the respondent says (Brief, p. 12) that the *McCurrach* case supports petitioner's "Question Presented" and then, as though to detract from the force of its concession, respondent says (Brief, p. 14) that the *McCurrach* case "*seemingly* turned on power or jurisdiction." (Emphasis supplied.)

That the decision in the *McCurrach* case turns squarely on jurisdiction and on no other ground is emphasized by the concurring opinion of Judge Clark (152 F. (2) 367). Obviously, Judge Clark would not have protested against placing the result on the ground of lack of jurisdiction if the majority of the Court did not, in fact, do so.

In its futile attempt to distinguish the *McCurrach* case, respondent further says (Brief, p. 15) "but in view of the absence from the case of any compelling reasons for inquiring into validity, it cannot be said to be the same in character as the instant one." Indeed! In the *McCurrach* case, the complaint prayed for a judgment of invalidity (152 F. (2) 366). In the case at bar, respondent argues that such a prayer constitutes a compelling reason (Brief, pp. 4, 6).

In the *McCurrach* case, there was a disclaimer of infringement by the defendant which was held to deprive the

court of jurisdiction to proceed further. McCurrach appealed from that decision, insisting that it was entitled to a judgment of invalidity. When a prayer for relief is so persistently pursued, that, by respondent's own argument, is a most compelling reason for granting it.

Thus, in the *McCurrach* case, relief was denied on the ground of lack of jurisdiction; in the case at bar, the same relief was granted, notwithstanding petitioner's objection to jurisdiction.

Federal Courts Have No Discretion to Disregard the Constitutional Limitation Upon Their Jurisdiction.

Throughout its brief, respondent seeks to make it appear that the trial court's assumption of jurisdiction in this case is a matter of discretion. The requirements of case or controversy, imposed by the Constitution, are no less strict in actions under the Declaratory Judgments Act than in the case of other suits. Respondent naively ignores the difference between "discretion" and "jurisdiction." That there is a vital distinction is too plain for argument.

Respondent attempts (Brief, p. 10) to justify the trial court's assumption of jurisdiction in this case as an act of discretion in following the admonition of this Court in *Sinclair Co. v. Interchemical Corp.*, 325 U. S. 327, 330, in which this Court indicates that it is the better practice in patent cases to inquire fully into validity because of the public importance of such questions.

But surely, this Court does not in the *Sinclair* case advise the lower courts to render decisions in matters beyond the scope of their jurisdiction. The *McCurrach* case was decided subsequently to this Court's decision in the *Sinclair* case (as indicated by Judge Clark's reference to it, 152 F. (2) 368). It is plain, therefore, that the Court of Appeals for the Second Circuit does not construe the de-

cision of this Court in the *Sinclair* case as an authorization to exercise discretion to disregard the jurisdictional limitation imposed by the Constitution and by the Declaratory Judgments Act.

That a declaration of invalidity of a patent may be desirable in the public interest, does not justify a Federal Court in assuming jurisdiction to make such declaration where there is no actual case or controversy before the Court.

CONCLUSION.

Respondent's brief serves only to emphasize the existence of the conflict of decisions upon which the allowance of the petition is prayed. This Court should grant the writ to resolve that conflict.

Respectfully submitted,

HAROLD OLSEN,

Counsel for Petitioner.

NO. 712

EDWIN B. H. TOWNE, JR.

*Attala County
Tenn.*

WATER HAMMERS, ALUMINUM CORP.

Memphis, Tenn.

BRIEF OF RESPONDENT IN OPPOSITION TO
PETITION FOR WRIT OF CERTIORARI

M.C. / Bingham Wm. Coleman,
Ralph W. Brown,
✓ Sidney Neuman,

Counsel for Respondent.

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IN THE
SUPREME COURT OF THE UNITED STATES
OCTOBER TERM, 1946

NO. 717

EDWIN B. H. TOWER, JR.,

Petitioner

vs.

WATER HAMMER ARRESTOR CORP.

Respondent

**BRIEF OF RESPONDENT IN OPPOSITION TO
PETITION FOR WRIT OF CERTIORARI**

May it Please the Court:

The petition wholly fails to disclose the real situation in the instant case; its "Summary and Short Statement of the Matter Involved" is such that it requires correcting and supplementing. Cognizant of the duty imposed upon us by *Furness, Withy & Co. Ltd. v. Yang-Tsze Ins. Association, Ltd.*, 242 U. S. 430, 433, we accordingly make the following

Restatement of the Facts

Petitioner is a patent attorney practicing his profession at Milwaukee, Wisconsin (R. 78). In April, 1937, he was retained by the Fleming Manufacturing Company to prepare and file a patent application upon a water hammer arrester then being manufactured and sold by the Fleming

Company (R. 48a-49a; 54a).* When respondent was organized in April, 1939, as the successor to the water hammer arrester business of the Fleming Company which included the filing of the patent application for which petitioner had been employed, he continued to act as attorney for respondent (R. 75a-76a).**

Although adequate data to prepare the patent application was immediately made available to petitioner in 1937 (R. 49a-52a), there was constant and unreasonable delay on his part in preparing satisfactory claims and in submitting a properly drawn application to his client for execution. In September, 1939, the inventor of the device reminded petitioner that more than two years had elapsed since the application was ordered, exhorting him to complete and file the application immediately "on the basis of the facts as you have them" (PX-4). Petitioner replied on September 12, 1939, saying "I am now revising the application and it will be ready some time next week" (PX-5). For more than ten months thereafter nothing was heard from petitioner. On July 24, 1940, he forwarded a proposed application to the inventor who returned it unsigned, saying "In view of your delay in preparing this patent application,

*Petitioner persuaded the Circuit Court of Appeals to permit him to prepare an abbreviated printed record on appeal, in the form of an appendix. Respondent was forced to supply much additional necessary matter in a separate appendix. The printed "record" filed in this Court consists of these separate appendices plus the proceedings in the Circuit Court of Appeals. There is a consequent duplication in the numbering of some of the pages and, accordingly, we shall cite references to respondent's appendix, as "R-a." Moreover, the printed record filed in this Court does not include any of the documentary exhibits in this case. They will be found in the original transcript of record which we understand has been lodged here, and such of respondent's exhibits as we shall have need to refer to will be designated thus, "PX- .".

**This is also confirmed by PX-69; PX-109; PX-110, and see Findings of Fact Nos. 70, 71, 72 (R. 53).

it no longer has any value to me." (PX-7). An application for patent was then (July, 1940) barred by reason of the public sale and use which had been made by the Fleming Company more than two years earlier, as appears from the concurrent findings of the courts below.*

Within four days from the receipt of the inventor's letter returning the unsigned application, petitioner filed a patent application in the United States Patent Office showing the "same device" which had been shown in the application submitted to the inventor (R. 299a-300a), but listing petitioner as sole inventor of the subject matter and making the statutory oath that the device had not been on sale or in use in this country for more than two years before the filing of the application, matters which were manifestly known to petitioner to be untrue. Although petitioner then sought to collect the extraordinarily fantastic fee of \$12,978.76 for his services rendered to the Fleming Company and to respondent in the preparation of the patent application, he never advised or notified respondent, or the Fleming Company, or the original inventor that the patent application had been filed in petitioner's name.

Knowledge of the action taken by petitioner first came to respondent in February, 1942, when petitioner twice charged respondent with infringement (PX-75, 77) of patent No. 2,273,766 which had been granted to him on the device which had been shown in the application originally prepared by him for execution by respondent's inventor. At the same time, petitioner notified the Cook Electric Company, a supplier of materials to respondent, of its alleged infringement of the purported patent (PX-76).

This action was thereupon instituted by respondent under the Federal Declaratory Judgment Act (§ 274d Judicial

*See Findings of Fact Nos. 24, 25, 31 (R. 43, 45) and Opinion of Court of Appeals (R. 449).

Code; 28 U. S. C. § 400). The complaint averred that petitioner had charged respondent with infringement of the patent obtained by him (R. 2), that respondent was then manufacturing and selling and intended "in the future to manufacture and sell" the devices accused by petitioner (R. 3), and denied that respondent's "manufacture and sale is in violation of any legal right" of petitioner under his purported patent (*Ibid.*). By reason of this, it was averred "an actual controversy now exists between the parties hereto respecting the matter of validity of said Letters Patent No. 2,273,766 and the charge of infringement." (*Ibid.*). After setting forth in more detail the pertinent facts, *i.e.*, that the accused devices were like or substantially like devices manufactured and installed by the Fleming Company in 1936, of which Exhibits 1 and 2 attached to the complaint were illustrative (R. 3), that the relationship of attorney and client had theretofore existed between petitioner and respondent and respondent's predecessor in respect of the very subject matter of petitioner's purported patent (R. 4-5) and that petitioner had been guilty of a dereliction of duty in falsely claiming the invention as his own (R. 6-7), the complaint not only requested an adjudication of noninfringement but also expressly prayed (R. 10):

"That the Court adjudge and declare said Letters Patent No. 2,273,766 to be invalid and void;"

Petitioner did not concede noninfringement in his answer. On the contrary, while asserting that the 1936 Fleming device did not embody the subject matter of his purported patent (R. 12), because as he averred it was "an experimental appliance which was unsuccessful and inoperative" (R. 15), he persisted adroitly in the charge of infringement by asserting that the respondent's accused device was not the "same or substantially the same" as the water hammer arresters shown in Exhibits 1 and 2,

being the 1936 Fleming installations (R. 14-15). All other material allegations in the complaint were denied by petitioner and he accepted the challenge to the validity of his purported patent by insisting that he had, in fact, made the invention disclosed and claimed therein (R. 22) and by otherwise contending that it was good and valid in law.

Petitioner's attempt on the eve of trial to concede non-infringement and thus avoid a trial on the issue of validity which had been tendered by the complaint and joined in by petitioner's answer, took form as a motion for summary judgment (R. 24-25). As found by the Court of Appeals, the motion was based upon alleged facts which are unsupported by the evidence (R. 442-444). Moreover, in the exercise of sound discretion, the trial court denied the motion, and after a trial on the merits disposed of a renewal of the contention that no jurisdiction for declaratory judgment existed by occasion of the concession of noninfringement, by holding that an actual controversy existed at the time of the commencement of this action and "still exists in spite of defendant's [petitioner's] belated conclusion of non-infringement," that petitioner should not be permitted to deprive respondent of a judgment as to the validity of the purported patent and that "ascertainment of uncertain rights" was clearly in furtherance of the spirit and objective of the Federal Declaratory Judgment procedure (R. 33).

The "Question Presented"

From the foregoing restatement of the facts, it is quite evident that the question posed by petitioner and said to arise in this case is not warranted by the real situation. As this Court consistently refuses to decide questions for which there is no substantial basis in the particular facts of a case (*Southern Power Co. v. North Carolina Pub. Serv. Co.*, 263 U. S. 508; *United States v. McFarland*, 275 U. S.

485; *Missouri-Kansas-Texas R. R. Co. v. Texas*, 275 U. S. 494), we make these preliminary observations of petitioner's spurious question:

1. It assumes that the complaint prayed only for a judgment of noninfringement.

Not so. The complaint also prayed for a judgment of invalidity of petitioner's purported patent. This was no hypothetical or abstract difference. In view of the previous attorney-client-relationship of the parties and petitioner's unprecedented action in filing a patent application in his own name for subject matter disclosed to him by his client, a real controversy was raging between the parties in respect of the validity of the purported patent, quite apart from the issue of infringement.

2. It assumes that petitioner's answer in this action admitted noninfringement by respondent.

Not so. In his answer petitioner asserted that the 1936 Fleming devices did not embody the subject matter claimed in his purported patent and that they were noninfringements but he averred that respondent's accused devices were not "the same or substantially the same" as the 1936 devices and thus squarely took issue with respondent on the question of alleged infringement. Now that the courts below have ruled, contrary to petitioner's contentions, that the 1936 devices embodied the subject matter of petitioner's patent, he should not be heard to say that his answer admitted noninfringement.

3. It assumes that petitioner's motion for dismissal purporting to admit that respondent had not infringed and was absolved of any charge of infringement constituted a concession of all of the relief to which respondent was entitled.

Not so. As found by the Court of Appeals the motion was based on facts which beyond peradventure were unsupported by the evidence. The motion assumed and alleged that all of the accused devices had a 1/16 inch clearance between the bellows and the casing, and not a "close fit" as described in the patent and claims (R. 24). But neither the patent claims nor its specifications contained any limitation to a "close fit"** and some of respondent's devices had less clearance than 1/16 inch. Since neither petitioner nor his expert (R. 291a) was able to fix the precise limitation which constituted a "close fit"; since the evidence showed that petitioner's patent was predicated upon devices disclosed to him by respondent's predecessor, the Fleming Company, which had clearances ranging from 1/32 inch to 3/64 inch;** and since also the accused devices were substantially the same as these earlier Fleming devices, it was held by the Court of Appeals that the alleged concession of noninfringement did not give respondent the relief to which it was entitled (R. 444).

*In its opinion the District Court said (R. 34) :

"The defendant failed to define a close fit between the casing and bellows in his patent but now attempts to restrict it to 1/32" as distinguished from 1/16"; but he gives no information as to the twilight zone so that the public has no way of knowing the limits of his patent."

**For example, the device shown in PX-90 is based upon a sketch made by John S. Baker on July 11, 1936 (PX-133) which had shown a clearance of precisely 1/32 inch. It was found by the Circuit Court of Appeals that this information "was fully known" by petitioner when he filed his application (R. 444).

ARGUMENT**I.**

IN THE EXCEPTIONAL CIRCUMSTANCES OF THIS CASE, THE DISTRICT COURT'S DISCRETION WAS SOUNDLY EXERCISED IN FAVOR OF RETAINING THE PATENT VALIDITY CONTROVERSY, DESPITE THE CONCESSION OF NONINFRINGEMENT. SUCH ACTION COMPORTED WITH THE STANDARDS OF GOOD JUDICIAL ADMINISTRATION AND WAS PROPERLY APPROVED BY THE COURT OF APPEALS.

The burden of petitioner's argument under Points I and II is that there was no longer any justiciable controversy between the parties after he had attempted to concede non-infringement on the eve of trial. The argument is untenable in that, like the spurious question presented, it wholly ignores these salient factors: petitioner himself created an actual controversy when he applied for and obtained in his own name a patent for a device disclosed to him by his client; petitioner sharpened that controversy and made it definite and concrete when he asserted the validity of his purported patent against his former client and charged infringement; and the complaint in this action directly placed the validity of petitioner's purported patent in issue and prayed for a declaratory judgment of invalidity. Much more than mere infringement was present in the controversy in these circumstances. As of the date on which the complaint in this case was filed, the parties hereto had adverse legal interests in respect of the validity of a patent which not only covered a device which respondent and its predecessor had manufactured since 1936 and which formed the very basis of the patent, but which had been obtained by petitioner in violation of the duties owed by an attorney to his client as well. Entirely apart from the continuance of charges of infringement, the prior fiduciary relations of the parties were susceptible of an immediate and definitive determination of the legal rights of petitioner to his patent.

Without question, the District Court was invested with general jurisdiction to hear and adjudicate the validity controversy upon the filing of respondent's complaint. This is abundantly clear from this Court's decision in *Maryland Casualty Co. v. Pacific Coal & Oil Co.*, 312 U. S. 270, where, emphasizing the difference between an abstract question and a "controversy," it is said (p. 273):

"* * * Basically, the question in each case is whether the facts alleged, under all the circumstances, show that there is a substantial controversy, between parties having adverse legal interests, of sufficient immediacy and reality to warrant the issuance of a declaratory judgment."

Thus, whether or not the District Court should have proceeded to declare the rights of the parties as to the validity of the patent did not depend upon considerations of jurisdiction or power, as urged by petitioner, but rather was a matter of procedure resting in the sound discretion of the court. And whether a court in its discretion should make a requested declaration is a question to be decided on the basis of the facts in each case. The extent to which the declaratory judgment procedure may be used in the federal courts always lies in the sound discretion of the courts. *Brillhart v. Excess Insurance Co.*, 316 U. S. 491; *Great Lakes Co. v. Huffman*, 319 U. S. 293, and *Alabama Federation of Labor v. McAdory*, 325 U. S. 450, 471.

In *Great Lakes Co. v. Huffman*, *supra*, this Court said that when a District Court is called upon to adjudicate what is essentially an equitable cause of action, it is as free as in any other suit in equity "to grant or withhold the relief prayed, upon equitable grounds", calling attention to the House report on the legislation which declared that "large discretion is conferred upon the courts as to whether or not they will administer justice by this procedure." H. R. Rep. No. 1264, 73d Cong., 2d Sess., p. 2.

In the exceptional circumstances of this case, there can be no possible ground for interference with the District Court's exercise of discretion in adjusting the manner by which the issue of validity should be adjudicated, *viz.*, by denying petitioner's motion for summary dismissal and proceeding with a hearing of the merits, unless it was indisputably abused. But that discretion was soundly exercised and in a manner which finds its basis in good reason. Moreover, it was not exercised arbitrarily, but rather in accordance with fixed principles of law, since it is now the better practice to inquire fully into the validity of a patent because of the great public importance of such questions. *cf. Sinclair Co. v. Interchemical Corp.*, 325 U. S. 327, 330.

The motion for dismissal, moreover, rested upon claims which the petitioner was later unable to establish on the trial. The correctness of the order denying the motion and the wisdom of the court's exercise of discretion was revealed during the trial when petitioner, unable to fix precisely the critical dimension or clearance which he claimed as his own invention, finally put it at 1/32 inch only to be refuted in this claim by respondent's evidence showing that as early as July 11, 1936, one Baker made a sketch showing a clearance of precisely 1/32 inch, which was disclosed to petitioner and fully known to him when he filed his application (*ante*, p. 7).

Where it was asserted, as it was in the complaint in the instant case, that the patent taken out by petitioner, a patent attorney, is invalid because based upon disclosures made by the respondent, petitioner's client, and a motion for dismissal was addressed to the court on the ground that the attorney's invention was a "close fit" as against 1/16 inch in the putative infringement, the utmost caution was required of the court in disposing of the motion, lest a "close fit" be, in fact, the same as 1/16 inch and the declaratory judgment plaintiff thereby deprived of an ad-

judication to which it was entitled. No detailed explanation of all of the factors which governed the exercise of discretion by the District Court need be given. It is enough that, as appears from the concurrent findings of the District Court and the Court of Appeals, the evidence taken by the court showed that there was no scope of the patent claims available to petitioner as constituting his separate domain as distinguished from the subject matter invented, and disclosed to him, by the client. There was thus no room for the concession of noninfringement attempted by petitioner. His motion was no more than a subterfuge to avoid a disclosure of the evidence which showed this very fact and certainly no abuse of discretion was committed by the court in recognizing the true character of the eleventh hour action taken by petitioner and in conducting a full and detailed inquiry into the facts.

The issue of validity constituted the primacy of this action. That issue never became moot; nor could it be made so by the unilateral act of petitioner, based as it was, upon alleged facts which could not be supported by evidence. Validity here was no more moot than was validity in *Altwater v. Freeman*, 319 U. S. 359, 364-365, where this Court said:

*** * * A controversy was raging, even apart from the continued existence of the license agreement. That controversy was 'definite and concrete, touching the legal relations of parties having adverse legal interests.' *Aetna Life Ins. Co. v. Haworth, supra*, pp. 240-241. That controversy concerned the validity of the reissue patents. * * *

"Our conclusion is that it was error for the Circuit Court of Appeals to have treated the issues raised by the counterclaim as moot. They were not moot; * * *"

Because the evidence shows that legally and factually there was no issue of infringement separate and apart

from the issue of validity; because it shows that the issue of infringement was in the very nature of things the issue of validity itself; and because formally conceding mere noninfringement without also confessing invalidity was not a full and complete disposition of the controversy between the parties, retention of jurisdiction to give respondent all of the relief to which it was entitled was not either an excess of power or an abuse of discretion.

II.

THERE IS NO CONFLICT BETWEEN THE SECOND CIRCUIT DECISIONS AND THAT IN THE CASE AT BAR. THE DIFFERENT RESULTS REACHED ARE DUE ENTIRELY TO DIFFERENT FACTUAL SITUATIONS AND NOT AT ALL TO ANY DISAGREEMENT AMONG THE COURTS AS TO THE PROPER INTERPRETATION OF THE DECLARATORY JUDGMENT ACT OR REGARDING THE APPLICABLE RULES OF DECISION.

There is no occasion to resolve in this case any real and embarrassing conflict between the Courts of Appeals for the Second and Seventh Circuits. There is no difference of opinion among the courts as to the proper interpretation of the Federal Declaratory Judgment Act. The two courts have not applied different rules of decisions to identical facts. The very most that can be said of the courts is that in cases involving different facts, they have reached different results. These different results were of necessity inevitable because each court has had to decide each case on its own particular facts.

The apparently conflicting results among the circuits are made so only by ignoring, as petitioner has done, essential matters present in the case at bar. By no other method can this case be likened to *McCurrach v. Cheney*, 152 F. (2) 365, which was a case arising under the Federal Declaratory Judgment Act. A comparison of the facts of that case with the real situation involved here shows that whereas the *McCurrach* case supports petitioner's "question pre-

sented" that same question cannot be said to be adequately supported by the facts in the case at bar.

The facts here are exceptional in that the validity of petitioner's patent was the primary issue involved in the controversy between the parties because of their previous attorney-client-relationship. A similar factual picture is wholly lacking in the *McCurrach* case where a disclaimer of infringement put an end to the controversy between the parties. Judge Clark clearly delineated and emphasized the difference in his concurring opinion in the *McCurrach* case, when he protested against placing the result on the "arid ground of lack of 'jurisdiction'" instead of on "grounds of discretion", and warned that there "may well be cases where a defendant's acts show an actual controversy, notwithstanding the protective screen of a verbal disclaimer." The case at bar is precisely such a case as was supposed by Judge Clark, and the fact that Judge Clark concurred in the *McCurrach* case, preferring, however, to rest the decision on discretion rather than jurisdiction, suffices to show that the *McCurrach* case was of an entirely different character.

Larson v. General Motors Corp., 134 F (2) 450, also involved a situation wholly unlike that in the case at bar. There the patent owner had brought an ordinary patent infringement suit and defendant had included in its answer a declaratory judgment counterclaim asking that the patent be declared invalid and/or not infringed. At the opening of trial the patentee admitted that he did not claim infringement. A decree of dismissal on the merits was thereupon entered and in these circumstances it was held by the Second Circuit Court of Appeals that in the exercise of its discretion the trial court should not have proceeded with the hearing of the declaratory judgment counterclaim and should not have entered judgment declaring the patent invalid because such a declaration was "not necessary".

The rationale of the *Larson* case is consistent with that of the case at bar. Quite significantly, the Second Circuit Court of Appeals expressly recognized (134 F. (2d) 453) that the issue before it was one involving "the discretion of the judge" and not one challenging his power. Conceiving the trial court's exercise of discretion to be "reviewable as in other cases," under the authority of *Brillhart v. Excess Insurance Co.*, 316 U. S. 491, (*ante*, p. 9), the Second Circuit Court considered all of the facts and circumstances and concluded that the "judge should have refused to make any declaration as to the validity of the patent."

Moreover, whereas, it was expressly found in the *Larson* case that the alleged infringer had "no interest" in a declaration of invalidity, in the case at bar, the respondent clearly had such an interest.

Cover v. Schwartz, 133 F. (2) 541, is also represented by petitioner as being in conflict with the decision in the case at bar, but this contention is manifestly unwarranted. That case was an ordinary patent infringement action. After a trial and a dismissal of the action, the patentee plaintiff prosecuted an appeal, expressly disclaiming however any charge of infringement. Obviously, the case or controversy which had formed the subject matter of the action and which had supported the jurisdiction of the District Court, became in that event moot and the Second Circuit Court of Appeals very properly held that it was without power to render an advisory opinion to the plaintiff on the validity of his patent.

Clearly *Cover v. Schwartz* is not at all like the case at bar. It is just as clear that *Larson v. General Motors* turned on considerations of discretion and since discretion also was involved in the case at bar, there can be no conclusion of a conflict, especially since identical facts are not found in each case. The *McCurrach* case seemingly

turned on power or jurisdiction, but in view of the absence from the case of any compelling reasons for inquiring into validity, it cannot be said to be the same in character as the instant one.

The results reached in all the cases are reconcilable; there is no conflict among the courts of the sort which the prior decisions of this Court have held were essential to move it to grant a writ of certiorari.

CONCLUSION.

This case does not involve any principles, settlement of which is of importance to the public as distinguished from the parties, and there is no real and embarrassing conflict of opinion and authority between the Circuit Courts of Appeals.

It is respectfully submitted that the petition for a writ of certiorari should be denied.

Respectfully,

BERTRAM WM. COLTMAN
RALPH W. BROWN,
SIDNEY NEUMAN,

Counsel for Respondent.

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IN THE

CHARLES ELMORE DROPLY
CLERK

Supreme Court of the United States

OCTOBER TERM, 1946.

No. 717.

EDWIN B. H. TOWER, JR.,

Petitioner,

vs.

WATER HAMMER ARRESTOR CORP.,

Respondent.

PETITION FOR REHEARING.

Since the filing of the petition herein, a decision of another Circuit Court of Appeals has been reported which adds to the conflict of decisions and gives further impetus to the growing state of confusion, for the correction of which the writ in this case is sought. In the light of this new development, petitioner respectfully prays this Court for rehearing of the petition and reconsideration of its order of January 13, 1947, denying the same.

The question presented by the petition is whether a Federal court has jurisdiction to adjudicate the validity of a patent in a case where there is no justiciable controversy between the parties because the patentee has conceded that his adversary has not infringed.

That question has been answered in the negative by the Court of Appeals for the Second Circuit in *McCurrach v. Cheney*, 152 F. (2) 365. The question was answered in the affirmative by the Court of Appeals for the Seventh Circuit in the case at bar.

Since the filing of the petition for certiorari in this case, the decision of the Court of Appeals for the Ninth Circuit in *Heer v. Linstrom* has been published. It is found in 158 F. (2) 93 (Advance Sheet, January 20, 1947). That was an infringement suit in which the District Court entered a judgment that there was no infringement and that the patent was invalid. Plaintiff appealed, and upon the appeal, conceded that the District Court's holding of non-infringement was correct. The Court thereupon concluded that there was no longer any case or controversy between the parties, and ordered the action dismissed, saying:

“The original basis for the cause being withdrawn, and there remaining no support for the issue of invalidity, this Court does hereby remand the case to the District Court with instructions that the judgment be set aside, and that the action be dismissed.”

Thus, the Court of Appeals for the Ninth Circuit has held that, in the absence of a justiciable controversy on the question of infringement, the Court is without jurisdiction to adjudicate the question of validity. This holding is in agreement with the decision of the Court of Appeals for the Second Circuit in *McCurrach v. Cheney*, 152 F. (2) 365, and is in direct conflict with the decision of the Court of Appeals for the Seventh Circuit in the case at bar.

The ruling of the Court of Appeals for the Second Circuit upon the question presented in the petition, which your petitioner submits is the correct ruling, has spread clear across the nation to the Ninth Judicial Circuit, leaving the Seventh Circuit as the only one taking an opposite view.

The law upon this question of Federal jurisdiction is now in a growing state of confusion. If it be not promptly straightened out by this Court, irreparable injury may be done to litigants who are uncertain of their rights by Courts who are uncertain of their duties.

The Constitutional limitation upon the jurisdiction of the Federal Courts is national in extent and cannot be left for determination on geographical lines. In the circumstances here presented, the duty apparently devolves upon this Court to put an end to the conflict and to establish the law, once and for all, that must be applied uniformly in all the circuits.

Your petitioner, therefore, most urgently prays this Court to review the petition for certiorari in this case and, upon consideration of the foregoing, to vacate its order denying the same and issue a new order granting the writ.

Respectfully submitted,

HAROLD OLSEN,

Counsel for the Petitioner.

I hereby certify that the foregoing petition for rehearing is filed in good faith and not for the purpose of delay, and that the same is well founded in fact and in law, and should be granted.

HAROLD OLSEN,

Counsel for the Petitioner.